



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



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TO: Kiran Mirza, Legislative Deputy, First Supervisorial District
Clinton Tatum, Senior Deputy, Second Supervisorial District
Genie Chough, Budget Deputy, Third Supervisorial District
Rick Velasquez, Assistant Chief Deputy, Fourth Supervisorial District
Lori Glasgow, Assistant Chief Deputy, Fifth Supervisorial District

FROM: Mark J. Saladino
Treasurer and Tax Collector 

SUBJECT: **AGENDA ITEM NO. (TBD) FOR OCTOBER 24, 2006 –
RECOMMENDATIONS FOR APPROVAL OF TREASURER AND TAX
COLLECTOR AGREEMENT SALES (CHAPTER 8) COST RECOVERY
FEES**

This Department has filed the attached Board letter recommending approval to establish Preliminary Research Fee of \$100 per parcel for Public Agencies (Agencies) and Non Profit Corporations (NPC), which allows the Treasurer and Tax Collector (TTC or Department) to recover actual labor costs for the initial work associated with pre-screening Agencies and NPCs and notification, in writing, upon rejection or acceptance of their purchase proposal. For NPCs, it also includes assessing the viability of the purchase proposal. The TTC is also recommending that the Board approve the establishment of a Notification Fee of \$300 per parcel for Agencies and NPCs to allow full recovery of the actual costs incurred for providing official notification to property owners and parties of interest impacted by the agreement sale of tax defaulted secured properties that are subject to the power to sell.

State law, commencing with Chapter 8, Part 6, Division 1, of the Revenue and Taxation Code (R&T), allows any eligible public agency or qualified nonprofit corporations to initiate a purchase proposal to acquire tax defaulted property that is subject to the TTC's power to sell. Through this process, properties can be acquired without the necessity of bidding at a public auction or a sealed bid sale. Eligible Agencies are permitted to purchase the property for a variety of public uses. Qualified NPCs can purchase tax defaulted property for the express purpose of providing low income housing for sale or rental or to provide other limited services to benefit low income families.

TTC has the responsibility of administering all sales of eligible tax defaulted properties in Los Angeles County, including agreement sales (Chapter 8). Generally, the agreement sale begins when an Agency or NPC submits a written request to acquire a parcel that is subject to sell and a resolution documenting the parcel's intended use. Upon receipt of this request, TTC begins preliminary research. Processes for Agencies and NPCs include checking parcel status, determining city location and accessibility, determining property use, creating agreements and providing notifications, in writing, upon rejection or acceptance of their purchase proposal. For NPCs, it also includes assessing the viability of the purchase proposal and ensuring that the parcel itself is conducive to the intended use documented in the purchase proposal, and reviewing the articles of incorporation. The Preliminary Research Fee of \$100 per parcel is a one-time fee that will be collected along with the written requests to purchase parcels subject to sale.

Pursuant to R&T Code Sections 3796 and 3799, the County is required to mail notices of the agreement sale of any tax defaulted property to all parties of interest, as defined by R&T Code Section 4675 (e.g., lien holder of record and/or any person with title of record). In order to comply with these notice requirements, TTC must identify property owners and/or parties of interest to each parcel. Furthermore, TTC must make reasonable efforts to provide written notice, through numerous mailings that the taxes are in default, how to cure the tax default, that additional penalties and fees will be added to the amount owed if the tax default is not cured by specified dates, and the amount that will be assessed for these additional penalties and fees, by certified mail, to each of the parties prior to the sale.

R&T Code Section 3800 provides that the cost of giving notice of the agreement shall be paid by the purchasing Agency or NPC. With your Board's approval, the recommended Notification Fee of \$300 per parcel will be added to the purchase price of the property when the agreement becomes final.

Government Code section 54986(a) authorizes the Board of Supervisors to impose a new fee, if not otherwise prohibited, in an amount reasonably necessary to recover the actual costs incurred in performing these services and/or enforcing the applicable code sections discussed below. Accordingly, TTC recommends that the Board approve a Preliminary Research Fee of \$100 per parcel and Notification Fee of \$300 per parcel for Agencies and NPCs.

If you have any questions, please feel free to contact me at (213) 974-2101, or your staff may contact Henry Roman, Assistant Treasurer and Tax Collector, at (213) 974-0703.

MJS:HR:nh

Attachment